

## PART 9

### GENERAL INFORMATION AND STATUTORY CITATIONS

Part 9 contains general information designed to assist school corporation officials in the administration of their duties. The information contained herein is supported in some instances by legal references, court decisions and official opinions of the Attorney General; however, if any legal question arises, the school corporation attorney should be consulted.

Throughout Part 9 reference is made in many articles to sections of the General School Powers Act, noting the Code citation (IC 20-26-5-1 to IC 20-26-5-20).

If the need arises, refer to the applicable volume of the Indiana Code in which the citation appears. Also, where reference is made to Official Opinions of the Attorney General, court decisions, or other legal references, these should be consulted for the full text of the matter discussed.

### GENERAL INFORMATION AND LEGAL GUIDE

#### GOVERNING BODY DEFINED

"Governing body" is defined in the General School Powers Act to mean the board or commission charged by law with the responsibility of administering the affairs of a school corporation, including but not limited to, a board of school commissioners, metropolitan board of education, board of school trustees or board of trustees.

#### GOVERNING BODY ELIGIBILITY

In addition to any other eligibility requirements for members of the governing body of a school corporation as set forth in law, an individual who is employed as a teacher or as a noncertified employee (as defined in IC 20-29) of the school corporation may not be a member of the governing body of the school corporation. IC 20-26-4-11.

#### TERM OF OFFICE OF GOVERNING BODY

Requirements for the governing body's members' term of office and the procedure for filling vacancies are detailed in IC 20-26-4-4.

Each person elected or selected to be a member of a school corporation governing body shall give an Oath of office prior to taking office. The language of the oath is detailed in IC 20-26-4-2.

#### ORGANIZATION OF GOVERNING BODY

IC 20-26-4-1 provides the requirements of the governing body to organize, appoint a Treasurer, and provides the option to establish the position of executive secretary to the governing body. It also provides the duties of the School Corporation Treasurer.

#### MEETINGS OF GOVERNING BODY

Requirements concerning regular meetings, statutory meetings and special meetings of the governing body are set out in the General School Powers Act. No action may be taken unless a quorum is present. A majority of the members shall constitute a quorum. All meetings shall be open to the public to the extent required by IC 5-14-1.5. (Indiana Open Door Law)

## MINUTES OF MEETINGS OF GOVERNING BODY

All business transacted by the governing body must be recorded in the minutes of the meetings. The secretary of the governing body has the duty to keep the minutes and the minutes of each meeting should be approved by the governing body and signed by the members attending.

The minutes must be accurate and complete. Not all documents acted upon, such as bids and contracts, must be copied in the minutes but reference thereto and the action taken thereon should be recorded in the minutes and the documents carefully preserved. Important papers and documents; however, will need to be completely recorded in the minutes, such as proceedings to issue bonds. You should consult the school corporation attorney if a question arises as to the need for making a complete record on any matter.

Examples of school business decisions and transactions which should be recorded in the minutes are:

1. Employment and compensation of teachers, bus drivers, janitors and other employees, including salary schedules adopted.
2. Travel and other allowances of employees, such as travel expense, to be paid to the school superintendent, principals and teachers, (Stipulated maximum amounts to be allowed should also be included in contracts). These amounts may be paid only as reimbursement for expenditures actually made by the employee.
3. Decision to allow teachers and other school employees to attend conventions or educational meetings, or to visit model schools, and the expense to be allowed on such trips.
4. Decisions with respect to receipt of bids and award of contracts for supplies, fuel, equipment, goods, and materials. Also bids and contracts for construction, alteration, or repair of buildings and improvement of grounds. All bids received, whether accepted or rejected, should be kept on file in the school business office.
5. Bids received and contracts awarded to bus drivers.
6. Proceedings pertaining to bond sales.
7. Proceedings relative to the establishment, extension or alteration of a Capital Projects plan.
8. Decisions and actions relative to Public Employees' Retirement Fund benefits for employees; also group insurance and other employee benefits.
9. Designation of depositories.
10. Resolutions of appropriation and proposed tax levies. A complete set of budget forms as submitted to the county auditor as well as a record of the action of the County Board of Tax Adjustment and of the Department of Local Government Finance should be kept on file in the school business office.
11. A record of all additional or emergency appropriations.
12. Records of discharge of all employees together with reasons for dismissal.
13. Records of time schools are closed during the school term and reasons for closing; also a record of decisions concerning date of beginning, date of closing and length of school terms.
14. Records of appointments and salaries of clerical help and office assistants, library, recreation and school lunch personnel.

15. All decisions relative to school activities, recreation programs, adult education and other programs.
16. Records of reasons and amounts of all emergency and temporary loans.
17. Record number of claims or accounts payable vouchers approved and allowed or disallowed by the governing body at each meeting and the reasons for disallowance.
18. Record of Loans between funds.
19. Policy for the operation of individual school buildings; i.e., investment interest income, approval of equipment acquisition, etc.
20. Separate Home Rule Resolutions for various situations in accordance with IC 20-26-3.
21. Determine compensation of board members with restrictions provided by IC 20-26-4-7.

#### POWERS OF GOVERNING BODY

The general powers of the school governing body are listed in IC 20-26-5-1. Statute also provides a list of specific powers in IC 20-26-5-4 that have been granted to the school governing body while acting in behalf of the school corporation.

#### LIMITATION OF POWERS

All powers delegated to the governing body of a school corporation under IC 20-26-5-1 or IC 20-26-5-4 are subject to all laws subjecting the school corporation to regulation by a state agency, including the state superintendent, state board of accounts, state police department, fire prevention and building safety commission, department of local government finance, water pollution control board, state school bus committee, state department of health, and any local government agency to which the state has been delegated a specific authority in matters other than educational matters and other than finance, including plan commissions, zoning boards, and boards concerned with health and safety.

#### HOME RULE

IC 20-26-3 provides for ability of a school corporation to use Home Rule in various situations. IC 20-26-3-7 details specific situations in which a school corporation does not have the ability to adopt a Home Rule.

#### GOVERNING BODY - OTHER DUTIES

Some duties of the governing body not specifically mentioned in the School Powers Act are the following:

1. Authority to administer oaths relative to school business appertaining to their respective offices.
2. IC 5-11-10-1 and IC 20-26-4-1 provides the duty for the governing body to examine and approve all claims, accounts payable vouchers, and payrolls.

3. To constitute the board of finance and select the depositories for the school corporation. Review the annual report of the investing officer and the school corporation's overall investment policy.
4. IC 5-3-1-3 details the requirement to publish an annual financial report. IC 20-20-8-3 details the requirement to publish an annual performance report.
5. IC 6-1.1-17 provides the requirement to prepare an annual estimated budget, proposed tax rate, and proposed tax levy.
6. IC 20-27 provides the requirements for transportation of school children to and from school as authorized by the School Transportation Code.

### MEMBERSHIP DUES

IC 20-26-5-8 provides that the governing body may appropriate funds to pay for membership in state and national associations of an educational nature. Accordingly, the State Board of Accounts is of the audit position that dues, memberships and subscriptions should be institutional memberships; i.e., in the name of the school corporation or school building, not an individual's name.

### PURCHASES

All purchases should be through the accounting system as prescribed herein to avoid potential overdrawn funds, payment of sales taxes, etc.

Individuals should not be allowed to purchase supplies, equipment and other items outside of the prescribed accounting system.

### EQUIPMENT PURCHASES

IC 20-26-5-4 provides in part: "In carrying out the school purposes of each school corporation, its governing body acting on its behalf shall . . . acquire such personal property or any interest therein as the governing body deems necessary for school purposes . . ." Therefore, extracurricular equipment purchases should be approved prior to purchase by the Board of School Trustees.

### AVERAGE DAILY MEMBERSHIP (ADM)

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, must provide a written certification of ADM to properly document responsibility. The certification must at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed.

### ADM AND OTHER STATE DISTRIBUTION OVERPAYMENTS

School Officials shall contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting.

## CANCELLATION OF OLD CHECKS

IC 5-11-10.5-2 provides that all warrants or checks, outstanding and unpaid for a period of two or more years as of December 31 of each year, shall be declared void. IC 5-11-10.5-3, IC 5-11-10.5-4, and IC 5-11-10.5-5 provide the detailed steps to receipt the voided checks back into the school corporation funds.

## CONTRACTS OF TEACHERS AND OTHER EMPLOYEES

IC 20-28-6 provides the basic contract requirements for regular teachers, temporary teachers, teacher supplemental services, probationary teachers, and established teachers.

IC 20-28-9-7 and IC 20-28-9-8 provide the requirements for payment of wages to substitute teachers.

Although noninstructional employees are not required to enter into a written contract, some school corporations do provide written contracts with such employees.

IC 20-26-5-4(a)(8) gives the board of school trustees the power to fix and pay the compensation of noninstructional employees, classify such persons or services and adopt schedules of salaries or compensation. Such salary or compensation schedules must be made a part of the board minutes when not entering into written contracts.

## TEACHERS' EXTENDED LEAVE OF ABSENCE

IC 20-28-10 provides details on extended leave of absence for teachers including leave for sabbatical, disability, sick, pregnancy, and defense services.

## TEACHERS' SALARIES

The minimum salary law for teachers is found in IC 20-28-9.

IC 20-28-9-15 provides the requirement to pay teachers their regular payments for school being closed by the school corporation, the health authorities, or no fault of the teachers.

## NONINSTRUCTIONAL EMPLOYEES' SALARIES

There is no minimum salary law for noninstructional employees other than the state and federal minimum wage and hour laws.

The board of school trustees has the authority to classify and determine salary schedules for noninstructional employees provided such schedules do not violate any State or federal wage and hour statutes.

Students performing services for any school in which they are enrolled and are regularly attending classes are not subject to the Indiana Minimum Wage Law of 1965, IC 22-2-2-3(i).

## SICK AND OTHER LEAVE

IC 20-28-9-9 provides details for teacher absence from work with pay due to illness or bereavement and accumulation of unused days.

IC 20-28-9-10 provides details for transfer of accumulated days when a teacher transfers to another school corporation.

IC 20-28-9-11 provides details for absences not included in statute, but are included in the teacher collective bargaining agreement.

IC 20-28-9-13 provides the opportunity for a school corporation to establish a teacher sick bank for use when a teacher's sick days have been exhausted.

IC 20-28-9-14 provides the details for teacher personal days.

We are not aware of a statutory provision specifying a minimum number of sick leave days or other leave days for non-instructional employees; however, the board of school trustees has authority to make, enforce and amend rules, regulations and procedures for the government and management of the schools in accordance with IC 20-26-5-4(a)(8). Included is school property, facilities and activities of the school corporation, its agents, employees and pupils, and for the operation of its governing body.

### TRAVEL EXPENSE

IC 20-26-5-4(a)(9) provides details for a school employee or member of the school board to be permitted as absent with pay and to be reimbursed for travel expenses while attending events such as conferences, meetings, etc. as a representative of the school.

Official Opinion 74 of the Indiana Attorney General, issued in 1953, concluded there is no statutory authority for payment of a fixed amount of travel allowance to public employees and that a public employer may not reimburse an employee for a travel expense which is, in fact, not incurred by the employee. Also, there is no authority for a travel allowance to be paid without regard to the number of miles, if any, actually traveled.

We are of the audit position if an instructional employee is required to travel between schools, a provision should be made a part of the contract each school year specifying a maximum amount to be allowed for travel inside the school corporation and a maximum amount to be allowed for travel outside the school corporation. The employee must file an itemized claim for any mileage on General Form 101 (Mileage Claim), and other travel expenses must be claimed on Accounts Payable Voucher, Form 523.

### ANNUITIES

Official Opinion 24 issued in 1962, of the Attorney General held that the State Superintendent of Public Instruction may amend the teachers' contract form to provide for a part of the salary to be paid to a teacher and the balance of the salary to be used by the school corporation in the purchase of an annuity for the teacher. The maximum amount to be used for the purchase of a tax sheltered annuity is subject to a formula established by the Internal Revenue Service (IRS). A school corporation, before initiating a tax sheltered annuity program, should have the program approved by the Internal Revenue Service.

The approved amount of the teacher's salary paid by the school corporation for the purchase of a tax sheltered annuity may not be subject to federal income tax, Indiana gross income tax, or county adjusted gross income tax deductions. The amounts paid by a school corporation on behalf of and as authorized by an employee would, in accordance with the ruling of the Internal Revenue Service, be entitled to the deferred tax treatment provided under the terms of Sec. 403(b) of the Federal Internal Revenue Code, thereby excluding such amounts from the gross income of such employees under the terms of Sec. 103 of the Adjusted Gross Income Tax Act 1963. (Opinions of Attorney General 1964, Number 17)

The amounts so designated are subject to deductions for social security and applicable retirement plans.

## RETIREMENT

IC 5-10.4-7 provides the requirements for the school corporation to notify each teacher and make member contributions to the State Teachers' Retirement Fund.

IC 5-10.3-2 provides the option for the allowance of qualifying employees to participate in the Public Employees' Retirement Fund.

Inquiries relative to participation in TERF and PERF should be directed to INPRS, Suite 001, One North Capital, Indianapolis, Indiana, 46204.

## GROUP INSURANCE

IC 5-10-8-2.6 allows for the school corporation to provide programs of insurance for all its employees and retired employees. Group insurance may cover both instructional and non-instructional employees or a person who provides personal services to the unit under contract during the contract period. However, it also allows for a school corporation to exclude part-time employees and persons who provide services to the unit under contract from any group insurance coverage that the public employer provides to the employer's full-time employees. Finally, it provides that a public employer may pay, as supplemental wages, an amount equal to the deductible portion of group health insurance as long as payment of the supplemental wages will not result in the payment of the total cost of the insurance by the public employer.

Official Opinion 21 issued June 17, 1957, by the Attorney General held that according to IC 19-10-4 (now IC 5-10-8), governmental units may participate in paying for group insurance to any extent short of full payment so long as the requirement regarding the appropriation of funds is fulfilled.

The Attorney General in Official Opinion 44 issued in 1966, provided that a governmental unit may contribute toward the insurance on legal dependents of the employee, that is, the dependents for whom the employee is required by law to pay their medical expenses. This would include the employee's spouse and minor dependent children.

## FEDERAL AID

IC 5-19-1-1 provides details for school corporations to cooperate with and accept benefits from the Federal Government.

IC 20-40-14 provides that money received under a federal program may be accounted for by establishing a special fund. If a special fund is established, then money may be disbursed without appropriations.

## GENERAL OBLIGATION BONDS AND OTHER EVIDENCES OF INDEBTEDNESS

General obligation bonds may be sold by following the provisions of IC 5-1-11-1 et seq. Please also be aware of the provisions of IC 6-1.1-20-1 et seq. concerning procedures for issuance of bonds and other evidence of indebtedness.

IC 6-1.1-20-7 provides the restrictions and approvals on interest rates when debt will be payable from property taxes.

IC 20-48-1-3 provides the restrictions on bond maturity terms.

IC 5-1-14-5 authorizes school corporations to issue bond anticipation notes.

## EMERGENCY LOANS

IC 20-48-1-7 provides the required processes to make an emergency loan and establishing a tax levy to make repayments in subsequent years.

#### TEMPORARY LOANS

IC 20-48-1-9 provides the required processes to issue an anticipation warrant for a specific fund in anticipation of revenue.

#### TEMPORARY TRANSFERS TO DEPLETED FUNDS

IC 36-1-8-4 provides the required processes to transfer money from one fund to another fund, interfund loan, for situations in which a fund is in need of money for cash flow purposes.

#### TRANSFERS OF APPROPRIATIONS WITHIN A FUND

If the proper legal officers of any school determine that it is necessary to transfer an appropriation from one major budget classification to another, the transfer of appropriation is made by resolution of the school board at a regular public meeting. We are not aware of a statutory requirement to publish notice of transfer. Approval by the Department of Local Government Finance is not necessary.

#### PUBLIC WORKS BORROWING

IC 36-9-41 provides requirements for the opportunity to issue debt on public work projects that do not exceed \$2,000,000 or efficiency projects that do not exceed \$3,000,000.

#### SCHOOL BUS PURCHASES

IC 20-27-4 provides the guidance and requirements for purchasing school buses.

Purchases for cash may be made from available funds on hand (Operations fund) as a result of a specific appropriation made therefore, from the proceeds of general obligation bonds issued for purchasing school buses, or from funds borrowed from banks and lending institutions.

We will not take audit exception, in lieu of issuing general obligation bonds, to a school corporation to negotiating and borrowing funds from any bank for the purchase of school buses for cash. The school corporation shall execute its notes to the lending institution, and such notes shall not extend for a period longer than six (6) years, and shall be paid at the same time and in the same manner as provided for the payment of a security agreement. Although the loan is receipted to the Operations fund and the purchase made there, we will not take audit exception to the notes being redeemed from the Debt Service fund.

#### JOINT SERVICES AND SUPPLY FUND

IC 20-26-10 provides the guidance and requirements for two or more schools engaging in a joint program. Joint programs include joint employment of personnel, joint purchase of supplies or other material, or joint purchase or lease of equipment, joint lease of land or buildings, or both, or joint construction of, remodeling of, or additions to school buildings, investment of funds, data processing operations, career and technical education, psychological services, audiovisual services, guidance services, special education, and joint purchasing related to the acquisition of supplies or equipment that are not to be used jointly.



## BONDS OF TREASURER, DEPUTY TREASURER AND EMPLOYEES

IC 20-26-4-5 provides the requirement of the school corporation treasurer, the deputy treasurer (if appointed), and any person that meets the definition of an "individual" to provide a financial performance bond each July 1<sup>st</sup>.

IC 20-41-1-6 provides the requirement for the treasurer of each extracurricular account to provide a faithful performance of duty bond.

Whenever deemed necessary to bond any other employee of a school corporation, the governing body may bond or cause to be bonded such employee or employees by either individual or blanket bonds conditioned upon faithful performance of duties, and in amounts and with surety approved by the school board. We recommend bond coverage for any employee handling funds.

## PROPERTY TAX ADVANCE

IC 5-13-6-3 provides for the opportunity for the school corporation to request in writing to the County Treasurer for a limited advance of property tax collections.

## PLANS AND SPECIFICATIONS - APPROVAL BY VARIOUS AGENCIES

All plans and specifications for public buildings must be approved by the State Board of Health, State Fire Marshal, State Building Commissioner and other State Agencies designated by statute.

## LATE PAYMENTS

IC 5-17-5-1 provides the requirements for schools to pay interest on payments that are not made timely. As noted in Part 1, responsible school officials may be requested to reimburse the school corporation for additional fees charged as a result of not performing their duties.

## COMPULSORY EDUCATION

Compulsory school attendance provisions may be found in IC 20-33-2.

Minors may be employed in specified occupations during the time schools are in session pursuant to IC 20-33-3. Please refer to IC 20-33-3 in relation to employment of children who are more than fourteen (14) years of age and less than eighteen (18) years of age and the issuance of employment certificates.

## AVAILABILITY OF EDUCATION

The Indiana Constitution in Article 8, Section I charges the Indiana General Assembly with the duty to encourage, by all suitable means, moral, intellectual, scientific, and agricultural improvement; and to provide, by law, for a general and uniform system of Common Schools, wherein tuition shall be without charge, and equally open to all.

IC 20-33-1-2 provides that the public schools of the State of Indiana shall be open to all children until they complete their courses of study subject to the authority vested in school officials by law.

The State Board of Education and the State Superintendent of Public Instruction are authorized to provide a program of adult education; and, to provide a plan whereby high school credits may be secured

by persons who have passed the high school age, IC 20-20-6. The Office of the Indiana Attorney General ruled that school corporations may not exclude married pupils or students over twenty one (21) years of age who are otherwise eligible to attend school. However, please consult the school corporation attorney for applicability of any court decisions.

#### INSURANCE FOR SCHOOL CHILDREN

IC 20-26-5-4(15) authorizes school corporations to purchase insurance or to establish and maintain a program of self-insurance relating to the liability of the school corporation or the school corporation's employees.

#### CHILDREN WITH DISABILITIES

IC 20-35-4-1.5 provides that a school corporation has a duty individually or in joint programs to establish special classes or schools for instruction of children with disabilities.

#### INDIGENT CHILDREN

IC 20-33-5 provides if a parent of a child or an emancipated minor, who is enrolled in a public school in grades K-12, meets the financial eligibility, the parent of a child or an emancipated minor, may not be required to pay the fees for school books, supplies or other required class fees. Such fees shall be paid by the school corporation in which the child resides. The school corporation may apply for reimbursement from the State for textbooks and workbooks. The school corporation may request the parent or emancipated minor to pay the outstanding balance after deducting the state reimbursement.

IC 20-33-5-11 prohibits the school corporation from withholding curricular materials; from requiring specials services; or denying any benefits or privileges to students that have outstanding curricular materials rental balances.

#### MEDICAL INSPECTION AND IMMUNIZATION OF CHILDREN

IC 20-34-3 provides that the school corporations have the authority to employ school nurses and physicians to make prompt examination and diagnosis of school children referred to them. Expenditures may not be made from public funds for physical examinations of students participating in interscholastic athletic contests or for the attendance of physicians at such contests. (Opinions of Attorney General 1961, Page 216)

#### TRANSFER OF SCHOOL CHILDREN

IC 20-26-11 provides for the authority for a child to transfer or be transferred from their school district of legal settlement. IC 20-26-11-6 allows the transferor school corporation to request that transfer tuition be paid for a child to transfer into their school corporation.

#### TRANSPORTATION OF SCHOOL CHILDREN

IC 20-27-5 provides the governing body of every school corporation may provide transportation for school children to and from school. It also details if the school corporation provides transportation for school children, the governing body shall be responsible for obtaining the necessary number of school buses and school bus drivers, and for negotiating and executing the necessary number of school bus driver contracts.

IC 20-27-11-1 provides that a school corporation must transport parochial school children residing on or along the regular school corporation route, without charge, from a point on the regular route nearest

or most easily accessible to their homes to and from the parochial school or to and from the point on the regular route which is nearest or most easily accessible to such parochial school. This statute obviously refers to the school bus or conveyance already being operated over the regular established route, and neither requires nor authorizes the school trustees to place additional buses on the route in order to accommodate parochial pupils otherwise eligible for transportation. (Opinions of Attorney General 1936, Page 415; also Number 12, issued February 21, 1964)

IC 20-27-11-4 provides transferred students may be transported by the receiving school corporation pursuant to a transportation agreement contract between the transferring corporation and the receiving corporation.

A school corporation may provide transportation for resident students although such students are attending the public schools of another school corporation on a private transfer tuition agreement. (Opinions of Attorney General 1963, Page 234)

### INSURANCE LOSSES, MONEY RECEIVED

IC 6-1.1-18-7 provides for the process and guidance when proceeds are received for property loss or damage from an insurance company. If conditions are met, then the fiscal officer can appropriate the proceeds without any additional approvals required.

### SIGNATURE ON CLAIMS AND CHECKS

IC 20-26-4-1(d)(3) provides that one of the duties of the treasurer of the school corporation is to issue all checks in payment of expenses but, except as otherwise provided by law, shall issue such checks only after proper allowance or approval by the governing body.

### DORMANT FUND BALANCES

IC 36-1-8-5 provides whenever the purpose of a fund has been fulfilled, then the balance of a dormant fund may be transferred to any school corporation fund. IC 36-1-8-5 applies to general and special tax funds, but SBOA opinion has extended the authority to all funds, unless guidance is provided in statute.

IC 5-1-13-2 provides guidance on surplus bond proceeds. Whenever bonds have been issued for any lawful purpose or project, and the purpose for which the bonds were issued has been accomplished or abandoned and a surplus remains from the proceeds of such bond sale, the board of school trustees may, by a resolution adopted and recorded in the minutes, order the treasurer to transfer the unused balance or surplus to the Debt Service Fund. Surplus bond proceeds may be used by a school corporation for the same purpose or type of project for which the bonds were originally issued, if:

1. The fiscal officer of the school corporation certifies before or at the time of that use that the surplus was not anticipated at the time of issuance of the bonds; and
2. The school board responsible for issuing the bonds takes action approving the use of surplus bond proceeds for the same purpose or type of project for which the bonds were originally issued.

### PAYMENTS DUE DECEASED PERSON

IC 29-1-8-1 provides guidance and requirements concerning money due a deceased person at the time of death.

## SUBSIDIARY LEDGERS

Subsidiary ledger balances must reconcile to the control ledger fund balance. Every transaction should be posted to the control ledger and to the appropriate subsidiary ledger. Fund balances should reconcile between the control ledger and the subsidiary ledger.

## GRANT FUNDS AND EDUCATIONAL FEES

IC 20-26-4-1 concerning duties of the School Corporation Treasurer, provides in part: "The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for the funds." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund.

We have developed an audit opinion that we will not take exception to the school board approving rental rates and education fees for the following items:

1. Items meeting the definition of "Curricular Materials" stated in IC 20-18-2-2.7.
2. Items meeting the definition of "Consumable Curricular Materials" as set by the Indiana Department of Education.
3. Items that the school corporation attorney has provided a written opinion that the educational fee does not violate the Indiana Constitutional provisions.

## TRANSPORTATION EXPENDITURES

The Conclusion of Attorney General Advisory Number 96-78 states in part: "The school transportation fund was established to cover costs which are attributable to transportation. Indiana Code 21-2-11.5-2(b)(1) through (b)(7) (now 20-40-6-6) set forth the costs which may be attributed to transportation. According to subsection (b)(1), the salaries of "transportation-related" employees may be paid from this fund. As the school superintendent and school corporation treasurer do not appear to be positions that are transportation-related, payment from the transportation fund of the salaries attached to these positions would be improper." Our opinion is that the Attorney General Advisory opinion would be extended to the portion of IC 20-40-18-8 that covers allowable uses of the Operations fund for transportation expenditures.

## RECORDING FINANCIAL TRANSACTIONS

All financial transactions related to the School Corporation should be accounted for in School Corporation Records.

## SCHOOL FOOD VERIFICATIONS OF ELIGIBILITY

Officials should request a written position from the Indiana Department of Education stating whether the corrective action taken was sufficient or if additional verifications need to be performed when high incidences of errors in test sample verifications are noted.

